

Exam tip !

Worked example: STEEPLE analysis of multinational companies operating in India

Social

- Potential market of over 1.2 billion people (the second most populous country in the world)
- A large and well-educated English-speaking workforce of around 510 million people
- Large yet increasing discrepancies in the distribution of income and wealth
- Language barriers in rural cities, with potential clash of national cultures in a multilingual and multi-ethnic country.

Technological

- Growing number of technologically aware population (huge opportunities for firms providing products such as mobile phones, personal computers and Internet services)
- Major industries include communications technology, biotechnology, software, automobiles, petrochemicals and pharmaceuticals
- Technologies are easily copied due to a lack of appropriate legislation.

Economic

- Huge growth potential in financial markets
- Significant economic growth and rising disposable incomes (spending power) in India
- Improved infrastructure and market opportunities in Mumbai and New Delhi
- Relatively low costs of production (average wage rates are still very low)
- Most people are employed in the agricultural sector, with India being one of the world's top producers of cereals (wheat, rice and sugar), meat, fruits, vegetables, tea, coffee, cotton, coal and wool
- Infrastructure and economic stability are less attractive than in other countries such as China
- The vast majority of the Indian population is still very poor.

Environmental

- Major challenges for India include tackling air pollution, water pollution, littering, waste disposal and environmental degradation
- Indian government taking a more proactive approach to enforcing environmental protection.

Political

- Political reform in India will encourage better trade relations with other nations
- Legislation is less stringent than in other nations, thus placing fewer constraints on business activity
- Regarded as less politically stable and relatively corrupt compared with other countries in the region
- Poor enforcement of patents and copyrights might discourage technology transfer to India.

Ethical

- Corruption has increased significantly, fuelling poverty and harming India's international competitiveness
- Slow business negotiations as the locals focus on establishing a trusting relationship as a prerequisite to doing business in India
- Indian culture is averse to critical disagreements, such as saying 'no', as this is seen as being rather rude; disagreements should be expressed in an ethical way, using diplomatic language
- Extremely difficult for foreign companies to penetrate the Indian economy without partnering with a local Indian company.